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Reports Issued in August 1987

National Defense

Army Budget: Potential Reductions to M1 Tank and Bradley Fighting Vehicle Budgets

Acc. No. 133625 (GAO/NSIAD-87-169BR), Aug. 6.

GAO identified potential reductions of \$198.1 million in the M1 tank and the Bradley Fighting Vehicle budget—\$81.8 million for FY 1988, \$84.7 million for FY 1987, and \$31.6 million for FY 1986. There are additional potential reductions of \$159.8 million to the Bradley Fighting Vehicle budget if the Army decides not to improve the Bradley's survivability. These additional potential reductions to the Bradley budget lines for FY 1987 and 1988 amount to \$74.8 million and \$85 million, respectively.

Missile Development: Development Status of the Advanced Medium Range Air-To-Air Missile

GAO/NSIAD-87-168, Aug. 14.

Since its inception, the Advanced Medium Range Air-to-Air Missile program has experienced cost growth and schedule delays. The missile's estimated acquisition costs have increased, in 1984 constant dollars, from about \$3.4 billion for 20,000 missiles to \$8.2 billion for 24,335 missiles. The scheduled initial deployment date has slipped from 1986 to 1989. Uncertainties concerning AMRAAM's design, performance, and cost will increase the risk that retrofit programs will be required to achieve the desired performance. At the time of its full-rate production decision—May 1989—more will be known about AMRAAM design, performance, and cost. At that time, development and initial operational tests are to have been completed.

Aircraft Modifications: Overestimates of Costs Generate Excess Funds

GAO/NSIAD-87-199BR, Aug. 31.

This report looks at the Air Force's use of funds appropriated for B-52, A-10, and F-111 aircraft modification programs in FY 1983-1987. GAO found that the Air Force's use of modification funds for a particular FY differs from the basis upon which these funds are requested from and appropriated by the Congress; modification cancellations, scope reductions, the use of other funds, and lower-than-estimated costs generate funds that are excess to the modification budgets as approved by the Congress; and congressional, Department of Defense, and Air Force actions have reduced the amount of excess funds. GAO found no instance in which the Air Force had gone beyond established funding guidelines

and no evidence that funds are requested with the intent of cancelling modifications or making other changes that will produce excess funds.

**Air Force Manpower
Program:
Improvements Needed in
Procedures and Controls**

GAO/NSIAD-87-137, June 25.

Personnel costs represent more than 40 percent of the Department of Defense's approximately \$300-billion budget. The Air Force's Management Engineering Program is based on sound principles and contains many of the basic elements necessary for an effective manpower system. However, weaknesses in some operational procedures and inadequate controls over the application of standards and recording of results hinder production of accurate and reliable manpower requirements. Some requirements are underestimated and others overestimated. GAO's projections indicate that, out of a sample population of 170,800 positions, about 5,900 positions were overstated, over half of which were actually funded at an annual cost of over \$100 million.

**Procurement:
Inertial Measurement
Units for Peacekeeper
Missiles**

GAO/NSIAD-87-194BR, July 31.

As of June 1987 Northrop Electronics Division had delayed delivery for an average of 128 days for almost all of its 45 production inertial measurement units for Peacekeeper missiles. A delivery of four units each month should result in recovery to contract schedule in October 1988. Forty IMU failures have been realized. However, IMU reliability is based on the failures occurring only after installation in operational missiles. Therefore, IMU reliability is reported better than anticipated. A total of 22 Peacekeeper missiles have been turned over to the Strategic Air Command. Fourteen missiles are in an operational status and 8 are not operational. There have been 17 Peacekeeper test flights that demonstrated their accuracy better than the design requirement.

**Military Procurement:
Air Force Should
Terminate More Contracts
for On-Order Excess Spare
Parts**

Acc. No. 133672 (GAO/NSIAD-87-141), Aug. 12.

The Air Force terminates less than 3 percent of the total value of excess on-order aircraft spare parts. It would be cost-effective for the Air Force to terminate substantially more procurements of excess on-order parts. GAO reviewed two air logistics centers—Sacramento and San Antonio and found that they did not take maximum advantage of cost-effective terminations, primarily because they had no specific guidance for calculating the required factors, such as inventory holding costs, to determine

whether it would be more economical to terminate or to accept on-order excess items. By improving the termination process procurement outlays and inventory holding costs could be significantly reduced. This in turn would reduce future aircraft procurement appropriation requests for spares.

**Battlefield Automation:
Army Efforts to Automate
Combat Service Support**

GAO/NSIAD-87-178FS, July 31.

The Army expects to spend about \$600 million to modernize its automated combat service support activities at corps and theater levels and to automate manual systems at lower command levels. CSS activities consist of personnel, transportation, medical and maintenance records, ammunition and spare parts inventories, and finance and legal administration. The systems gather information at lower command levels and report it to higher command levels where it is accumulated, processed, and analyzed.

**Attack Warning:
ADP and Communication
Modernization Programs
for Warning and
Assessment**

Acc. No. 133662 (GAO/IMTEC-87-23FS), Aug. 10.

This fact sheet provides information on the purpose and status of five programs for modernizing the Tactical Warning and Attack Assessment system's data processing and communications capabilities. These five initiatives are the (1) Communications Systems Segment Replacement, (2) Space Defense Operations Center IV, (3) Command Center Processing and Display System Replacement, (4) Survivable Communications Integration System, and (5) Granite Sentry programs. The Air Force began modernizing these programs so that the nation's leaders would have timely, unambiguous warning and assessment information in the event of a missile or bomber attack on the United States.

**Military Personnel:
Options to Implement
Officer Reductions**

Acc. No. 133615 (GAO/NSIAD-87-162), Aug. 5.

The Congress has imposed a 6-percent cut in active-duty officers because of concern about the overall size of the officer corps and its disproportionate growth relative to the enlisted force in the past 5 years. It will be difficult to execute the reduction without impairing combat capability because the cuts would be primarily among company grade officers, many of whom serve in combat units. GAO believes that the Department of Defense should consider the feasibility of temporarily increasing separation pay and the benefits of extending the 3-year

period in which the reductions have to be made through FY 1990. This would allow the services to then reduce the number of officers that now have 16 to 17 years of service through retirement rather than through involuntary separation before the completion of 20 years of service.

**Hazardous Waste:
Siting of Storage Facility
at Kelly Air Force Base,
Texas**

GAO/NSIAD-87-200BR, July 31.

This report provides information on whether the hazardous waste storage facility at Kelly Air Force Base meets Resource Conservation and Recovery Act, state, and Air Force siting requirements; on whether the Air Force or the Defense Reutilization and Marketing Office selected the best site available to protect the public and to preserve good public relations with the community; on whether the Air Force, Kelly Air Force Base, or the Defense Logistics Agency adjusted siting standards as a result of the adverse publicity the hazardous waste facility has generated; and on whether Kelly Air Force Base is revising its hazardous waste management organization so that it is similar to the organizations at Tinker and McClellan Air Force Bases.

**ADP Systems:
Army and Air Force
Military Retired Pay
Systems Can Be Improved**

GAO/IMTEC-87-32, Aug. 28.

GAO identified incorrect retired and annuitant payments totaling over \$1.2 million within the Army and Air Force ADP systems. Further, Army has estimated additional overpayments totaling between \$2.1 and \$9.7 million. Identified discrepancies were caused primarily by manual errors and underutilization of available computer matching controls, which resulted in pay offsets not being applied by the military finance centers.

International Affairs

**Foreign AID:
Accountability and Control
Over U.S. Assistance to
Indonesia**

Acc. No. 133715 (GAO/NSIAD-87-187), Aug. 19.

Between 1982-86, P.L. 480 food assistance to Indonesia totaled \$199.1 million. During the same period, development assistance totaled \$333.0 million, and military assistance totaled \$172.4 million. The Agency for International Development needs to improve its oversight of the P.L. 480 program—specifically in obtaining better government of Indonesia compliance in providing title I financial and progress reports on self-

help measures and in reconciling funding shortfalls from previous title I agreements. AID needs to ensure that funds are spent and projects implemented as agreed. It should also evaluate the adequacy of internal controls of private voluntary organizations implementing P.L. 480 title II programs and ensure that inventory and monitoring controls are properly implemented by establishing criteria and issuing specific guidance for control and accountability of major project goods.

**Passports:
Implications of Deleting
the Birthplace in U.S.
Passports**

GAO/NSIAD-87-201, Aug. 27.

With the increase in international terrorism, concern is growing that certain foreign-born American citizens might be vulnerable to political harassment or physical violence because birthplace information was shown on U.S. passports. However, the State Department could identify no instance of an American being singled out during a terrorist attack because of this information. Deleting birthplace information would depart from international norms and might cause some inconvenience for U.S. travelers. A number of countries have indicated that they would have difficulty accepting U.S. passports without the birthplace information. If the United States were to allow its citizens the option of deleting birthplace information on an "as requested" basis, potential disruptions to the general populace could be minimized. But relatively few Americans would select such an option. State Department believes that individuals who would do so could face a greater risk of being singled out when traveling abroad. There is little support for the deletion within the federal government. Strong opposition came from agencies charged with border control responsibilities.

**Science, Space, and
Technology**

**Contracting Out:
National Oceanic and
Atmospheric
Administration's Central
Library**

GAO/RCED-87-184, Aug. 6.

The National Oceanic and Atmospheric Administration's contracting out for the operation of its Central Library generally complied with OMB Circular A-76. However, in one instance NOAA's process varied from the procedures. The Circular requires a comparison of private sector and

estimated government costs to perform specified work. The cost estimate for continued government operation of the NOAA library was based on a different scope of work than the private sector bids. For situations like this, the Circular requires that the estimate be corrected but states that the solicitation should not be cancelled. GAO found that the variance was not material enough to affect NOAA's decision to contract out. There is no legal prohibition for a U.S. subsidiary of a foreign company to operate the library and because the library contains no classified information, any restrictions concerning access to the collection for national security reasons are not necessary.

Energy

Nuclear Waste: A Look at Current Use of Funds and Cost Estimates for the Future

GAO/RCED-87-121, Aug. 31.

The Department of Energy has revised its long-range cost estimates for the disposal of spent nuclear fuel and other highly radioactive waste from about \$20 billion to between \$21 billion and \$41 billion. Delays in meeting some program milestones have added to the costs of the program and consequently DOE has proposed a 5-year delay for the first repository to come on-line. These program uncertainties will limit confidence in the estimates for the next several years. One such uncertainty is the estimated quantity of spent fuel for disposal. DOE's estimating approach overstates the amount of spent fuel that utilities will generate and the fees that they will pay into the Nuclear Waste Fund. As a result, DOE may not be collecting fees at a rate that will cover total program costs and may be overbuilding the waste system.

Nuclear Waste: Shipping Damaged Fuel From Three Mile Island to Idaho

GAO/RCED-87-123, Aug. 10.

The March 1979 accident at Three Mile Island produced about 150 tons of highly radioactive debris. The Department of Energy decided to ship the damaged nuclear fuel to Idaho because (1) of its facilities and radiological research expertise; (2) the shipping containers were designed and tested, and independently reviewed by the Nuclear Regulatory Commission to ensure that radioactivity would not escape during any credible accident; (3) the criteria for route selection was the best quality track, shortest distance, and avoidance of large population centers; and (4) the

emergency plans for the TMI shipments are the same as other hazardous cargo, with modifications to accommodate damaged nuclear fuel.

**Nuclear Waste:
Quarterly Report on DOE's
Nuclear Waste Program as
of June 30, 1987**

Acc. No. 133673 (GAO/RCED-87-186FS), Aug. 11.

Department of Energy nuclear waste activities during the quarter ending June 30, 1987 include extension of the operational date planned for the first repository from January 1998 to 2003; a proposal to construct and operate a monitored retrievable storage facility in Roane County, Tennessee; and a decision to delay site-specific work for a second repository and begin in 1995 a national survey of potential second repository sites. The Nuclear Waste Fund collected over \$170 million in fees and investment income during the quarter and obligated about \$31 million for program activities. The fund balance as of June 1987 was about \$1.5 billion. During this quarter, several legislative proposals were introduced in the Congress that would redirect or significantly change the nuclear waste management program.

**Gasoline Marketing:
Octane Mislabeling in New
York City**

GAO/RCED-87-180BR, Aug. 18.

The problem of octane mislabeling at gasoline stations in New York City has grown—from 46 or fewer citations in 1981 to 171 citations in 1986. No single source of octane mislabeling exists but the city has found both gasoline station operators and fuel distributors to blame. The problem does not seem to be unique to any one type of gasoline station but 57 percent of the 171 citations issued involved gasoline sold under the name of a major refiner; the rest involved unbranded gasoline. Octane cheating can be lucrative in New York City. A station intentionally mislabeling its gasoline could realize amounts many times the city's maximum \$500 fine for cheating.

**Federal Research Projects:
Concerns About DOE's
Super Collider Site
Selection Process**

Acc. No. 133627 (GAO/RCED-87-175FS), Aug. 6.

In April 1987, the Department of Energy issued an invitation for site proposals for its proposed \$4.375 billion Superconducting Super Collider soliciting states and others to provide land to the U.S. government on or under which to build and operate the SSC. This report examines whether precedents exist for selecting sites for multimillion dollar research projects on the basis of competitive bidding, with states providing land and other incentives. The report also provides information on whether

federal research and development funds are becoming more concentrated and whether federal agencies try to distribute their R&D funds among as many states and regions as possible.

**Energy Management:
DOE/Martin Marietta
Earnings Limitation
Agreement**

GAO/RCED-87-147, July 6.

The Department of Energy and Martin Marietta Corporation recognized the existence of organizational conflict of interest relating to Marietta's Energy Systems' transferring a DOE-developed technology to an affiliate known as the Tennessee Innovation Center for commercialization. They began negotiating an agreement to limit Martin Marietta's return from certain Innovation Center investments. The agreement may not accomplish its intended purpose because (1) Martin Marietta could retain substantial returns on its investment—through the Innovation Center—in companies involved in commercializing DOE technologies and (2) it lacks enforcement and effective monitoring provisions.

**Natural Resources and
Environment**

**Superfund:
Civilian Federal Agencies
Slow to Clean Up
Hazardous Waste**

GAO/RCED-87-153, July 24.

GAO reviewed 11 agencies to assess their efforts to clean up hazardous waste sites and found that between 1985 and September 1986, only 4 of the agencies had completed site identification efforts; the other 7 were still compiling their site inventories. None of the agencies had completed their assessments. Only 15 percent of 511 sites found to require corrective action have been cleaned up, and the agencies generally would not predict when their cleanup efforts would be complete or how much they would cost. Although agencies have been slow in completing their inventories of hazardous waste sites, no deadline for completing these inventories exist. However, since the agencies are liable for any releases of hazardous substances from their facilities, it is in the government's best interest to identify and correct any hazardous waste problems as quickly as possible.

**Federal Land Management:
Financial Guarantees
Encourage Reclamation of
National Forest System
Lands**

Acc. No. 133757 (GAO/RCED 87-157), Aug. 24.

For over 70 years after the creation of the National Forest System, mining operations conducted in national forests under the Mining Law of 1872 were not regulated by the Forest Service. As a result, abandoned mining operations were often left unreclaimed. The Forest Service requirement of financial guarantees to ensure that lands under the Mining Law of 1872 are reclaimed is proving to be a successful incentive for getting mine operators to reclaim mine sites. Forest Service officials are working with mine operators to develop plans that would minimize the operators' reclamation costs, thus reducing the amount of financial guarantees. Mining associations support the reclamation requirements.

**Wildlife Management:
National Refuge
Contamination Is Difficult
to Confirm and Clean Up**

GAO/RCED-87-128, July 17.

Between 1983 and 1985 an estimated 1,000 ducks at the Kesterton National Wildlife Refuge in California died from contaminated water drained from a nearby irrigation district. However, contaminated water no longer flows into the Kesterton refuge, and cleanup efforts are underway. A Department of the Interior survey, although, indicated that 85 of the 430 refuges nationwide are or may be contaminated by agricultural drainwater or by municipal, industrial, or military activities. Survey techniques used do not ensure that all contaminated refuges have been identified and progress in identifying and cleaning up contaminated sites is likely to be slow. Obstacles include the lack of water quality criteria to determine when wildlife and refuge habitat are threatened; the lack of federal regulatory authority over agricultural drainage water; and for municipal and industrial contamination, the lengthy process of identifying the party responsible for cleanup, deciding on a cleanup plan, and obtaining cleanup funds.

**Commerce and
Housing Credit**

**Information Management:
Status of GSA's FTS 2000
Procurement**

GAO/IMTEC-87-42, Aug. 24.

GAO believes that given the billions of dollars that could be expended over the next 10 years for the General Services Administration's FTS

2000 long-distance telecommunications program, no long-term commitment to the program should be made without further study. In the short term, however, the FTS contract will offer advantages as an interim solution to its technically, economically, and contractually questionable program. To meet the government's long-distance telecommunications requirement, GSA, before receiving proposals, should amend the solicitation to provide explicitly that the government may acquire switched voice and other services from alternative sources, without liability, anytime after the first 4 years of the contract. Because of the potential impact such changes could have on offerors' proposals, GSA should consider postponing the receipt of proposals to allow offerors to assess this impact. GSA should immediately initiate the long-term planning effort and institute the organizational and budgetary changes required to sustain it in future years.

**Financial Audit:
Federal Deposit Insurance
Corporation's 1986 and
1985 Financial Statements**

Acc. No. 133687 (GAO/AFMD-87-58), Aug. 12.

The number of Federal Deposit Insurance Corporation-insured bank failures and problem banks has increased substantially and FDIC expects this trend to continue in 1987. Between 1982 and 1985, FDIC's net income exceeded \$1 billion each year, but in 1986, it declined to less than \$300 million. Further, although its deposit insurance fund was \$18.3 billion at the end of 1986, an increase of \$4.6 billion since 1982, the ratio of the insurance fund to insured deposits has declined. This ratio could further decline in 1987. If it declines below 1.1 percent, FDIC has to reduce the percentage of net assessment income distributed to insured banks.

Transportation

**Highway Needs:
An Evaluation of DOT's
Process for Assessing the
Nation's Highway Needs**

GAO/RCED-87-136, Aug. 7.

In its Highway Needs report, the Department of Transportation estimated that a capital investment of \$315 billion, or nearly \$20 billion annually, would be required through the year 2000 to maintain 1983 highway conditions. The primary data source for the Highway Needs report is the Highway Performance and Monitoring System model which, while a reasonable tool for analyzing data and estimating capital investment needs, is not sensitive to changes in key input data. It also is

not calibrated to determine how closely past needs estimates have paralleled actual investment practices. Although the Highway Needs report contains useful information on total highway needs, the report does not separate existing or backlogged highway needs from future or projected needs. Separating the two would provide a clearer understanding of the nation's highway capital investment needs and the progress made under highway policies and programs.

**Maritime Administration:
Efforts to Improve Data on
the Federal Ship Financing
Program**

GAO/RCED-87-58, Aug. 28.

Of the Maritime Administration's Federal Ship Financing Program fund's approximately \$5 billion in outstanding loan guarantees as of September 1986, about \$1 billion, or 20 percent, was considered by Marad to be at risk of default. The fund is not self-supporting because it is unable to generate revenues sufficient to cover its expenses without the aid of Treasury borrowings. Marad is required to repay these borrowings but was able to do so only with a supplemental appropriation of nearly \$1.4 billion. Its program has several problems, including financial and budget data, reporting inconsistent data on the total value of outstanding loan guarantees and commitments for FY 1985, not having a complete list of troubled companies, not establishing a required liability for future losses on loans, and significantly underestimating FY 1986 default payments. Marad needs to state clearly in its annual reports that the fund is not self-supporting when projected fund revenues are not sufficient to cover expenses and pay back Treasury borrowings without the aid of supplemental appropriations.

**Housing and
Community
Development**

**Rural Rental Housing:
Cost Information on
FmHA's Section 515
Program and Other
Housing Options**

Acc. No. 133723 (GAO/RCED-87-96), Aug. 18.

Under section 515, the Farmers Home Administration has made about 19,000 loans to developers, totaling \$8.6 billion, to construct and operate about 360,000 low-rent housing units. Nevertheless, a need remains for adequate, affordable rental housing. Cost-reduction measures could further reduce rents and save millions in subsidy costs, such as building

smaller apartment units and increasing the number of units per acre. In general, the section 515 program is the least expensive way to serve very low-income families. As initial household incomes rise, however, housing vouchers become the least expensive alternative. Prevailing inflation levels and interest rates also affect the relative cost of each program.

**Internal Controls:
Indian Housing Controls
Improved but Need
Strengthening**

Acc. No. 133626 (GAO/RCED-87-148), Aug. 5.

The Bureau of Indian Affairs' Housing Improvement Program provides grants to Indian families living in substandard or inadequate housing to (1) make repairs, (2) make down payments for the purchase of a home, and (3) finance construction of a new home. HIP funds were misspent and assistance was not going to the neediest Indian families. BIA then developed and implemented a model contract which requires tribes to prioritize their assistance to applicants. It also requires BIA to monitor project construction. The contract is a positive step toward solving the material internal control weakness. However, tribes are not complying with—and BIA is not monitoring or enforcing—important provisions of the contract. Therefore, BIA does not have adequate assurance that the neediest Indian families are being served and that funds are being properly spent.

**Public Housing:
Consolidated Supply
Contracts for Commercial
Trash Compactors**

GAO/RCED-87-158, July 23.

Manufacturers that the Department of Housing and Urban Development selected under the consolidated supply contracts furnished commercial trash compactors for low-income housing projects that did not fully meet HUD-approved specifications. HUD did little to investigate complaints, assumed that the manufacturer would comply with its specifications, and concluded that the deviations were relatively minor and that only safety related items had to be corrected. GAO found several inconsistencies and ambiguities in the specifications of HUD's contract. The CSCs for compactors has expired. If HUD does enter into a new CSC, the procurement specifications it publishes should be carefully reviewed and the contract requirements clearly presented to avoid ambiguities that existed previously.

Social Services

Defaulted Student Loans: Private Lender Collection Efforts Often Inadequate

Acc. No. 133743 (GAO HRD-87-48), Aug. 20.

Since 1945, the Department of Education, through 47 loan guaranty agencies, has paid over \$4 billion to lenders for defaulted loans made through the Guaranteed Student Loan Program. Although most of the guaranty agencies developed standards for lenders' use in collecting loans and filing insurance claims, the Department has never reviewed or approved most of them. More importantly, the standards were not always adequate to ensure prompt and vigorous collection of defaulted loans, were not followed by lenders, and were poorly enforced by the guaranty agencies. The government could have avoided unnecessary costs for insurance claims and interest paid on delinquent loans if the guaranty agencies had enforced their standards rigorously.

Compensatory Education: Chapter 1's Comparability of Services Provision

GAO HRD-87-102, Aug. 27

Chapter 1's comparability of services provision requires that children in areas receiving compensatory education not receive less in the way of state and local funded services than children in areas not receiving compensatory education. But states and local school districts have more flexibility and control in demonstrating comparability. A majority of the states have adopted less restrictive means of measuring comparability than allowed and variances between Chapter 1 and non-Chapter 1 schools in the same school district have generally been permitted to increase. Local school districts should retain documentation demonstrating compliance with comparability.

Welfare Simplification: States' Views on Coordinating Services for Low-Income Families

GAO HRD-87-110FS, July 29.

This fact sheet summarizes responses by 49 states to a GAO questionnaire on integrating human services programs. The questionnaire focused on six programs: Aid to Families with Dependent Children, Food Stamp, Emergency Assistance to Needy Families with Children, Low-Income Energy Assistance, Lower Income Housing, and Medicaid. Nearly all the states indicated that certain favorable outcomes could result from more service integration and 14 states have considered legislation related to service integration since January 1985. Thirty states have

started at least one service integration demonstration project since October 1983.

**HHS Office for Civil Rights:
Questions Regarding
Travel by the Director**

When every aspect of the Department of Health and Human Services' operations was facing major cutbacks, the Office for Civil Rights director was questioned on her extensive travel at government expense. During FY 1984-86 she made 83 domestic trips to 107 locations at a total cost to the government of \$49,640.94, including \$23,485.82 for airfare and \$26,155.12 for per diem and other expenses. The other expenses, which were reimbursed in addition to per diem, included taxi fares of \$5,119.25. From her appointment as OCR director in August 1981 until September 1986, she also made seven international trips at a total cost to the government of \$14,159.35 (including \$8,024.13 for airfare and \$6,135.22 for per diem and other expenses).

Health

**AIDS Prevention:
Views on the
Administration's Budget
Proposals**

GAO/HRD-87-126BR, Aug. 12.

For FY 1988, the proposed federal Public Health Service budget is more than \$790 million for AIDS research and prevention programs. Experts agree that education and prevention activities are the most powerful tools available to reduce the potential impact of the AIDS epidemic and that these activities must be directed at population groups with low rates of infection so that they remain uninfected. In addition, they recommended a full-scale federally coordinated campaign against the disease and suggested that the budget should explicitly earmark funds for the evaluation of educational efforts to ensure that future dollars can be funneled to the most effective prevention programs. State and local health department officials stressed frustration by the piecemeal nature of federal, state, and local funding and the administrative requirements for obtaining such funds.

**Long-Term Care Insurance:
Coverage Varies Widely in
a Developing Market**

GAO/HRD-87-80, May 29.

In 1988, estimated nursing home expenditures will exceed \$46 billion, of which the elderly and their families will pay about half. Long-term insurance policy restrictions and limitations tend to reduce the benefits

available to these people. Also, lack of uniform standards and marketing requirements means consumers have little protection against substandard policies and sales abuse. The potential for abuse related to both unclear policy language and marketing practices exists in the long-term care insurance area just as it does in the Medigap area. A 1986 legislative proposal by the National Association of Insurance Commissioners attempts to strike a balance between protecting consumers and promoting product innovation. At least nine states have taken action to improve consumer protection.

**Medicare:
Prescription Drug Issues**

GAO/PEMD-87-20, July 16.

This report provides information about prescription drugs as they relate to the needs of the elderly. Specifically, it discusses (1) the extent the elderly need and use prescription drugs and their costs, (2) prescription drug benefits, other than inpatient benefits, that are covered under Medicare, (3) the extent of prescription drug benefits that Medicaid provides, (4) states that have separate programs to provide assistance to the elderly for prescription drugs, and (5) provisions that are included in legislation that pertain to prescription drug benefits and the extent to which they will benefit the needs of the elderly.

**Health Care Fraud:
Characteristics, Sanctions,
and Prevention**

GAO/AFMD-87-29BR, July 15.

The most prevalent type of health care fraud investigated and referred to the Department of Justice for prosecution during FY 1984 and 1985 involved false claims concerning questionable charges such as billing the Medicare and/or the Medicaid program for (1) services not rendered at all, (2) a more expensive type of service than was actually provided, or (3) services that were provided but not needed. Other fraud cases included kickbacks, theft and/or misuse of government property, and perjury. Actions taken against health care providers committing fraud are fines and settlements, prison and/or probation sentences and monetary assessments, and suspension from participation in the Medicare and Medicaid program.

**Financial Audit:
Office of the Attending
Physician Revolving Fund
for Fiscal Years 1986 and
1985**

Acc. No. 133740 (GAO/AFMD-87-57), Aug. 21.

The Attending Physician Revolving Fund accounts for the receipts and disbursements for (1) the purchase and sale of prescription drugs and (2) miscellaneous services provided by the Office of the Attending Physician. The Office provides influenza and other immunizations to congressional employees at a nominal fee. Receipts from these activities in FY 1986 were \$1,034, and a net income of \$52 was realized. The Office also furnishes medical transcripts and performs physical examinations for life insurance applicants. For these services, \$846 was received from life insurance companies and deposited in the Revolving Fund during the fiscal year. Reconciliation of FY 1985 outstanding bills with a vendor resulted in a credit of \$531 to the Revolving Fund.

Income Security

**ADP Budget:
Analysis of SSA's Fiscal
Year 1988 Information
Technology Systems
Request**

Acc. No. 133780 (GAO/IMTEC-87-37), Aug. 6.

The Social Security Administration requested \$283 million in its FY 1988 budget for information systems. GAO justified \$187 million for information systems requirements projecting that SSA will have a carry-over balance of \$181 million at the start of FY 1988. SSA agreed with the projection, except for approximately \$10 million in telephone acquisitions and ongoing maintenance costs which it believes will be obligated in FY 1987.

Veterans Affairs

**Vietnam Veterans:
A Profile of VA's
Readjustment Counseling
Program**

Acc. No. 133705 (GAO/HRD-87-63), Aug. 26.

The Veterans Administration's Readjustment Counseling Program assists Vietnam era veterans who have not made a successful psychosocial adjustment to civilian life and is intended to make services available at vet centers for those veterans reluctant to seek counseling from regular VA health care facilities. VA should be able to decide on a case-by-case basis whether vet centers should be relocated to existing VA facilities. Cost or quality of counseling services or veterans' access to

them does not necessitate VA to provide the services primarily through existing facilities. The centers offer individual and group counseling and employment and VA benefits assistance and have established extensive community networks for outreach and referrals. Most of the staffs have the academic, military, and professional experience that VA considers relevant. Improved monitoring of centers' activities is needed to help ensure that they provide quality care.

Veterans Administration: VA Pensions to Medicaid Nursing Home Residents Should Be Reduced

GAO/HRD-87-111, July 10.

A Veterans Administration pension is reduced to \$60 a month if the beneficiary enters a VA-supported nursing home and does not have a spouse or other dependent living in the community. A similar provision does not exist, however, when the beneficiary enters a nursing home as a Medicaid patient. Because Medicaid recipients must apply any cash income and benefits they receive toward the cost of their care, the VA pensions do not generally benefit veterans and their survivors. Instead, they reduce Medicaid program costs. The primary beneficiaries of the reduced Medicaid costs are the states. To eliminate the VA subsidy to the states, the Congress should require that the VA pension for veterans and their survivors who enter a nursing home under Medicaid be reduced.

Administration of Justice

Ethics Enforcement: Filing and Review of the Attorney General's Financial Disclosure Report

GAO/GGD-87-108, Aug. 4.

Attorney General Edwin Meese did not disclose the assets in his partnership with Financial Management International, Inc., as required by the Ethics in Government Act. His disclosure form should have reported the identity of any partnership investment asset held at the end of 1985 that exceeded \$1,000; its general category of value; and the source, type, and amount of income exceeding \$100 that was generated by any partnership asset during 1985. The form should also have reported any partnership purchase, sale, or exchange of a stock, bond, or other security or of any real property interest exceeding \$1,000. Finally, the form should have identified the investment vehicle by its legal name of "Meese Partners," not FMIL.

General Government

Senior Executive Service: Reasons Why Career Members Left in Fiscal Year 1985

Acc. No. 133722 (GAO/GGD-87-106FS), Aug. 7.

In FY 1985, an estimated 9.9 percent of career executives left the Senior Executive Service. Through a questionnaire sent these executives GAO determined the 10 most important reasons for leaving. These are (1) dissatisfaction with top management, (2) dissatisfaction with political appointees, (3) unfair distribution of bonuses, (4) frustration with proposed and actual changes to compensation, (5) frustration with criticism of federal workers by press, politicians, or public, (6) unfair distribution of rank awards, (7) dissatisfaction with agency management practices, (8) too few bonuses available, (9) desire to avoid proposed revisions which could decrease retirement benefits, and (10) too much political interference.

Merit Systems Protection Board: Case Processing Timeliness and Participants' Views on Board Activities

Acc. No. 133741 (GAO/GGD-87-97), Aug. 20.

The Merit Systems Protection Board hears federal employee appeals of agency actions, such as employee removal, reduction-in-grade, suspension, and retirement decisions. Representatives for agency general counsels, agency attorneys, agency employee and labor relations, private attorneys, union presidents, and professional associations indicated general satisfaction with the timeliness standards adopted by the Board for adjudicating cases. However, they were not as satisfied with the time it took the Board's headquarters to process petitions for review of regional office appeals decisions.

Employee Security: GSA Has No Criteria for Assessing Adequacy

GAO/GGD-87-89, June 15.

The General Services Administration has not established standards for basic security levels for employees in federal buildings, as required by federal regulations. Further, it has not made physical security surveys of all properties under its control as required by federal regulations to determine the degree of protection to be provided to federal buildings, nor has it established criteria for assessing their vulnerability. The level of security established tends to be determined by the individual tenant agencies and not GSA. As a result, in the 20 buildings for which GAO developed data, the access control security provided employees varied,

with some buildings having no access control security at all. In the absence of specific GSA criteria to use in assessing vulnerability, the adequacy of employee security provided in GSA-controlled space would be difficult to determine.

**Federal Employees:
Trends in Career and
Noncareer Employee
Appointments in the
Executive Branch**

GAO/GGD-87-96FS, July 8.

This fact sheet shows trends in the career/noncareer mix of agency executives and in the number of Schedule C appointments, using FY 1980, 1983, and 1986 as benchmarks. It also determines, on a percentage basis, how many Senior Executive Service positions were filled by non-career appointees and how many SES positions were vacant in each of the 3 years.

**Freedom of Information
Act:
Accuracy of the State
Department's Automated
Case Tracking System**

GAO/GGD-87-95BR, July 24.

The Department of State's computerized Information Request Management System contains a significant number of errors that prevent reliability for audit purposes and limit its usefulness in managing Freedom of Information Act operations. The system is intended to assist State in tracking the status of all information requests and in providing statistical information for State's annual report to Congress on FOIA activities.

**Financial Audit:
Senate Restaurants
Revolving Fund for Fiscal
Years 1986 and 1985**

GAO/AFMD-87-46, Aug. 27.

Restaurant facilities are operated primarily for Senators and employees of the Senate. The Architect of the Capitol is responsible for managing the restaurants. Net income for 1985 was \$305,615; for 1986 it was \$310,544.

**Congressional
Testimony by GAO
Officials**

FAA Air Traffic Controller Staffing and Related Issues, by Kenneth M. Mead, Resources, Community, and Economic Development Division, before the Subcommittee on Investigations, House Committee on Post Office and Civil Service, July 29. GAO/T-RCED-87-42. Acc. No. 133587.

The Filing and Review of the Attorney General's Financial Disclosure Report, by William J. Anderson, General Government Division, before the Subcommittee on Human Resources, House Committee on Post Office and Civil Service, Aug. 5. GAO/T-GGD-87-26. Acc. No. 133616.

U.S.-Mexico Opium Poppy and Marijuana Aerial Eradication Program, by Joseph E. Kelley, National Security and International Affairs Division, before the House Select Committee on Narcotics Abuse and Control, Aug. 5. GAO/T-NSIAD-87-42. Acc. No. 133617.

Long-Term Care Insurance, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Health and Long-Term Care and the Subcommittee on Housing and Consumer Interests, House Select Committee on Aging, Aug. 6. GAO/T-HRD-87-21. Acc. No. 133628.

AIDS Prevention: Views on the Administration's Proposed Budget for FY 1988, by Michael Zimmerman, Human Resources Division, before the Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Senate Committee on Appropriations, Aug. 12. GAO/T-HRD-87-22. Acc. No. 133674.

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